

**FISMA
(INTERNAL CONTROL)**

**CALIFORNIA STATE UNIVERSITY
INTERIM SYSTEMWIDE
SECOND ROUND**

**Report Number 96-14
October 15, 1996**

Members, Committee on Audit

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**BOARD OF TRUSTEES
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CONTENTS

INTRODUCTION

Purpose	1
Scope and Methodology	1
Background	2
Opinion	3
Findings	4

APPENDICES

- Appendix A: Personnel Contacted
- Appendix B: Statement of Internal Controls

ABBREVIATIONS

CSU	California State University
DOF	Department of Finance
EO	Executive Order
FISMA	Financial Integrity and State Manager's Accountability Act
SAM	State Administrative Manual
SCO	State Controller's Office
SUAM	State University Administrative Manual

INTRODUCTION

The purpose of this report is to summarize the internal control audits of ten campuses and the Chancellor's Office and to offer recommendations that have systemwide implications. All campuses responded affirmatively to our audit recommendations that addressed internal control deficiencies. Campus responses were approved by the chancellor and the individual reports have been forwarded to the Committee on Audit in accordance with Board of Trustees procedures.

PURPOSE

The principal audit objective was to assess the adequacy of controls and systems which assure that:

- cash receipts are processed in accordance with laws, regulations and management's policy;
- receivables are promptly recognized and balances are periodically evaluated;
- purchases are made in accordance with laws, regulations and management policy;
- revolving fund disbursements are authorized and processed in accordance with laws, regulations and management's policy;
- cash disbursements are properly authorized and are made in accordance with established procedures and adequate segregation of duties exists;
- payroll/personnel criteria for hiring employees, establishing compensation rates and authorizing disbursements are controlled; personnel and payroll are processing records; and processing areas are restricted;
- purchase and disposition of fixed assets are controlled and recording of assets are made promptly in the subsidiary records;
- physical computer controls are in place and functioning;
- investments are adequately controlled and securities are safeguarded; and
- trust funds are established in accordance with SUAM guidelines.

SCOPE AND METHODOLOGY

The management review emphasized, but was not limited to, compliance with state and federal laws, Board of Trustee policies, and Office of the Chancellor policies, letters, and directives. For those audit tests which required annualized data, the 1994/95 fiscal year was the primary period reviewed. In certain instances, we were concerned with representations of the most current data; in such cases, the test period was normally the two months prior to our arrival on campus. Our primary focus was on internal controls. Specifically, we reviewed and tested:

INTRODUCTION

- **procedures for receipting and storing cash, segregation of duties involving cash receipting and recording of cash receipts;**
- **establishment of receivables and adequate segregation of duties over the establishing of, billing for, and payment of receivables;**
- **approval of purchases, receiving procedures and reconciliation of expenditures to State Controller's balances;**
- **limitations on the size and types of revolving fund disbursements;**
- **use of petty cash funds, periodic cash counts, and reconciliation of bank accounts;**
- **authorization of personnel/payroll transactions, accumulation of leave credits in compliance with state policies and maintenance of minimum leave balances for participants in the direct deposit program;**
- **posting to the property ledger, monthly reconciliation of the property ledger to the general ledger, and physical inventories;**
- **access restrictions to automated accounting systems and proper documentation of the systems;**
- **procedures for initiating, evaluating, and accounting for investments; and**
- **establishment of trust funds, separate accounting, adequate agreements, and annual budgets.**

This report covers our audits at the Chancellor's Office and the following ten campuses: Long Beach, San Bernardino, Bakersfield, Dominguez Hills, San Marcos, Hayward, Chico, Northridge, Los Angeles and San Luis Obispo. This is our third interim systemwide report (and covers the first half of the second round of audits) on this subject and will be followed by others at appropriate time intervals.

We have not performed any auditing procedures beyond the date of our report. Accordingly, our comments are based on our knowledge as of that date and should be read with that understanding. Since the purpose of our comments is to suggest areas for improvement, comments on favorable matters are not discussed.

BACKGROUND

In 1983, the California Legislature passed the Financial Integrity and State Manager's Accountability Act of 1983 (FISMA). This act required that state agencies establish and maintain a system of internal accounting and administrative control. To ensure that the agency fully complies with requirements, the

INTRODUCTION

head of each agency is required to prepare and submit a report on the adequacy of the systems of internal accounting and administrative control following the end of each odd-numbered fiscal year. In the past, the California Department of Finance (DOF) had conducted these reviews. The chancellor has not previously prepared a report on the adequacy of the systems of internal accounting and administrative control.

In 1990 and 1991, the DOF conducted internal accounting control reviews at eight campuses and the Office of the Chancellor. Due to staffing reductions, DOF no longer conducts audits of internal accounting and administrative control within the CSU. Therefore, the Committee on Audit directed the Office of the University Auditor to conduct the audits of internal control.

OPINION

In accordance with the Government Code Section 13402, et seq., state agency heads are responsible for establishing and maintaining systems of internal accounting control. The broad objectives of control systems for state agencies are to provide management with reasonable, but not absolute, assurance that:

- assets are safeguarded from unauthorized use or disposition; and
- transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial reports in accordance with the State Administrative Manual.

Because of inherent limitations in control systems, errors or irregularities may occur and not be detected. In addition, projection of any evaluation of systems to future periods is subject to risk since procedures may become inadequate as a result of changes in conditions, or the degree of compliance with the procedures may deteriorate. (See Appendix B, *Statement of Internal Controls*.)

Our audit of the internal control structure in effect at the Chancellor's Office and the ten campuses addressed in this interim report on FISMA disclosed certain conditions which, in our opinion, if not corrected, could result in errors and irregularities. These items are summarized in the following section. We are pleased to report that the campuses have agreed to address the noted deficiencies. We will follow-up on our recommendations at each of the campuses and the Chancellor's Office on a continuing basis.

FINDINGS

This interim systemwide report addresses the findings at the Chancellor's Office and ten campuses and represents the first half of the second round of FISMA audits. There were 128 findings over the ten areas of review. Table 1 indicates the number of findings by Internal Control Area, Table 2 indicates the number of findings at each campus (and the number of repeats), while Table 3 indicates the types of findings within each area and the number of campuses where such a finding was encountered.

TABLE 1

Internal Control Area	Number of Findings	Percent of Total
Cash Receipts	16	12.5%
Accounts Receivable	19	14.8%
Purchasing	5	3.9%
Revolving Fund	13	10.2%
Cash Disbursements	17	13.3%
Payroll/Personnel	10	7.8%
Fixed Assets	19	14.8%
EDP Controls	7	5.5%
Investments	6	4.7%
Trust Funds	16	12.5%
Total	128	100.0%

TABLE 2

Campus	# of Findings - Round 2	# of Findings - Round 1	Duplicate Findings
Chancellor's Office	15	19	4
Bakersfield	12	16	3
Chico	4	9	1
Dominguez Hills	29	36	16
Hayward	9	9	4
Long Beach	4	8	1
Los Angeles	9	8	0
Northridge	10	20	6
San Bernardino	14	17	4
San Marcos	11	21	4
San Luis Obispo	11	9	5
Total	128	172	46

For the Chancellor's Office and the ten campuses reviewed, the number of findings has declined by 25 percent since the first round of audits. The severity of the findings has also decreased when measured by the opinion level received by the campuses. Our follow-up on first round recommendations indicated that 73 percent had been fully addressed in the two-year period between audits.

FINDINGS

Table 3 identifies campus findings that are included in the individual campus audit reports.

**TABLE 3
INTERNAL CONTROL FINDINGS**

Cash Receipts

Cash Management

- Written policies and procedures had not been developed to guide cashiering staff in opening, operating and closing responsibilities.

Fee Reconciliations

- Application and/or State University fee reconciliations were not being done in a timely manner and/or there were no dates and names of the preparer/reviewer attached to the reconciliations. - 3

Delays in Deposits

- Deposits were not being credited in a timely manner to the related control accounts maintained by the state treasurer's office.

Satellite Cash Collection Centers

- Records were not being kept current to indicate (a) those individuals who had access to the safekeeping facilities, and (b) the dates when the safe combinations had been changed. - 3
- Bank endorsements were not placed on checks as soon as they were received/by the end of the business day. - 2
- Cash collections were not being forwarded in a timely manner. - 4
- Security over cash receipting area was not adequate.

Uncleared Collections

- Uncleared collections were not processed in a timely manner.

Accounts Receivable

Timely Billings/Receipts

- Auxiliaries were not being billed in a timely manner. - 3
- Reimbursement was not being made in a timely manner for services rendered to an auxiliary organization.
- **The Accounts Receivable department was not able to promptly follow-up on delinquent receivable accounts.**

General Fund Reimbursement

- **Reimbursements for the cost of goods and services to self-supporting operations did not cover the full cost of services rendered.**

Non-Student Collection Procedures

- All available collection procedures were not being used to collect past-due accounts. - 8

Aging Schedule

- An aging schedule of accounts receivable was not maintained. - 2

Student Collection Procedures

- All available collection procedures were not being used to collect past-due accounts. - 2

Jury Duty Fees

- No procedures were in place to assure systematic collection of outstanding jury duty receivables.

FINDINGS

Purchasing

Policies/Procedures

- Written policies and procedures have not been developed by the purchasing office.

File Documentation

- Purchase order file documentation was inadequate/missing.

Signature Authorizations

- Signature authorization exemplars were not on file in the purchasing office.

Sub-Account Codes

- Incorrect subaccount codes were used with 30 percent of the purchase transactions we reviewed.

Sub-delegation of Authority

- Sub-delegations of authority to purchasing office buyers was out of date.

Revolving Fund

Claim Scheduling

- Claim schedules to reimburse the revolving fund were not filed in a timely manner.

Petty Cash/Change Funds

- Cash counts were not being done on a timely basis. - 4

Salary/Travel Advances

- Revolving fund salary and travel advances are not being cleared in a timely manner. - 5

Reconciliations

- Revolving fund reconciliations to the general checking account were not done timely. - 2

Overdrawn Balance

- The campus revolving fund was overdrawn for ten of twelve months.

Cash Disbursements/Accounts Payables

Bank Reconciliations

- Bank reconciliations were not being prepared and reviewed and/or signed and dated in a timely manner.
- 4

Long-outstanding Checks

- Long-outstanding checks were not being cleared in a timely manner. - 3

State Controller's Office (SCO) Reconciliations

- Reconciliations to the master expenditure records were not being conducted in a timely manner.

Checks Over \$15,000

- Revolving fund checks written by the campus, for over \$15,000, did not have the required two signatures. - 3

Separation of Duties

- Employees were performing non-compatible cash disbursement duties. - 3

Check Register

- Several issued checks were not recorded.

Vendor Data Records

- Vendor data records were not routinely obtained from vendors doing business with the campus.

FINDINGS

Synchronization of Data Feeds

- Unsynchronized data feeds between automated applications yielded unreliable cash balance reports.

Payroll

Separation of Duties

- **Staff authorizing personnel/payroll transactions were also handling salary warrants.**

Employee Clearance Forms

- Employee clearance forms were not properly completed prior to issuance of final salary warrant. - 2

Overtime Authorization

- Pre-authorization of overtime was not accomplished in all but the most unusual cases.

Undelivered Salary Warrants

- Undelivered salary warrants were not returned to the State Treasury after ninety days.

Employee Leave Reporting

- Official employee leave records were not posted in a timely manner. - 2

Annual Statement of Leave Credits

- Employees were not provided with an annual statement of leave credits.

Student Assistants

- Student assistants regularly exceeded the maximum weekly employment limitations.

Direct Deposit Program

- Leave records were not being reviewed for minimum balance requirements necessary to remain on direct deposit.

Fixed Assets

Reconciliations

- **Reconciliations of equipment expenditures to additions to the property ledger are not timely and/or not signed and dated. - 5**

Physical Inventories

- **The campus has not completed a physical count of all property items within the three year cycle. - 3**

Valuation of Property

- Purchase order information rather than actual cost data was being entered into the property inventory data base.

Property Additions

- Property items were not being tagged and/or placed on the inventory in a timely manner. - 4

Removal of Property From Inventory

- The property office did not routinely receive reports from the public safety department regarding lost or stolen property items. - 3
- Obsolete, lost or stolen property was not removed from the inventory in a timely manner.

Property Security

- Written procedures had not been developed to address property used at home.

Property Survey Reports

- **Property survey reports (PSRs) were not properly completed and retained.**

FINDINGS

EDP Controls

Prevention and Detection

- Controls were not in place for the prevention and detection of risks to hardware, software and the facilities housing them.

Disaster Recovery

- An Information Technology disaster recovery plan had not been developed for the campus. - 5

Password Security

- The Oracle Database Management System had not incorporated a mechanism for periodic changing of passwords.

Investments

Trust Account Balances

- Trust account balances were not periodically reviewed for excess cash to maximize investments.

Evaluation of Performance

- Investment performance was not routinely evaluated to determine if higher rates of return could be accomplished.

Written Procedures

- Investment policies and procedures had not been developed in writing.

Written Agreements with Auxiliaries

- A written agreement between the campus and auxiliary organizations to provide for the investment of the auxiliaries funds by campus staff had not been completed. - 2

Interest Earnings

- **Interest earnings were not being credited back to the account which generated them.**

Trust Funds

Trust Project Account Documentation

- Documentation in support of each trust account was not being maintained. - 6

Trust Project Account Management

- Trust fees were deposited to the wrong account.

Signature authorizations

- Unauthorized signatures were being accepted for expenditure of funds. - 2
- **The campus did not maintain current specimen signatures on those individuals with expenditure approval authority.**

Project Balances

- Trust account balances were not positive at year end. - 2

Policies and Procedures

- Written policies and procedures for opening and operating trust accounts had not been developed.

Reconciliation with General Ledger

- Trust account reconciliations were not prepared monthly.

Distribution of Interest Earned

- Policies relative to investment earnings distribution were not in writing.

**APPENDIX A:
PERSONNEL CONTACTED**

<u>Name</u>	<u>Title</u>
<u>CHANCELLOR'S OFFICE</u>	
Ronald Ashcroft	Senior Accountant
Jackie Baird	Procurement Manager
Sylvia Barajas	Supervisor Accounts Payable
Vicky Baylor	Personnel Records Coordinator
Susan Belvin	Accountant
Linda Brown	Assistant Director, Finance, International Programs
Keith Clinkscales	Senior Accountant
Julie DeLaricheliere	Director, Personnel/Payroll Services
Patrick Drohan	Manager, Business Services, Physical Planning and Development
Sharon Eppinger	Payroll Supervisor
Quentin Frazier	Security Coordinator
Pat Dayneko	Director, Contracts and Procurement
Raynard Gray	Accountant
Ellyce Gordon	Property Clerk
Noel Grogan	Director, Human Resources
Laura Guillory	Manager, Desktop Systems
Marge Hunter	Director, Operations
Sedong John	Trust Accountant
Marty Lopez	Executive Staff Assistant, Business and Finance
Robyn McBride	Travel Coordinator
Diane Mutch	Public Safety Analyst
William Musselman	Investments Accountant
George Pardon	Director, Accounting
Mary Ann Rodriguez	Budget Officer
Diane Shaw	Travel Coordinator
Janet Salem	Contracts Administrator, University Services

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

Tomas A. Arciniega	President
Gus Beatty	Director, Data Processing Services
Jane Bedford	Accounting Supervisor
Renee Crouch	Accounting Technician
Beverly Donley	Contracts Officer
Willie Duncan	Assistant Budget Analyst
Stan T. Frazier	Business Manager
Kellie Garcia	Acting Director, Personnel Services
Gary Gleed	Director of Accounting
Irma Gonzalez	Property Clerk

<u>Name</u>	<u>Title</u>
Melinda Jackson	Accounting Technician
Irene Leung	Assistant Director Data Processing Services
Janet Martin	Payroll Officer
Steve Moore	Foundation Accounting Manager
Mark Murie	Benefits Officer
Jayne Rogers	Accounting Technician
Karen Stotts	Accounting Technician
Sharon A. Taylor	Assistant Business Manager
Glenda Vastbinder	Head Cashier
Michael Williams	Director of Procurement and Support Services
Frank Yap	Assistant Director of Procurement and Support Services

CALIFORNIA STATE UNIVERSITY, CHICO

Manuel Esteban	President
Miles Allen	Director, Business Affairs Computing Support
Andi Beach	Payroll Technician
Jan Burnham	Cash Management Manager
Richard Chamberlain	Cash Management Supervisor
Cindy Cleland	Accounting Manager
Cindy Collinsworth	Payroll Director
Joseph Crotts	Head of Library Access Services
Patty Darr	Accounting Technician
Gordon Fercho	Vice President, Business and Administration
Deborah Gott	Pharmacist in Charge
Jeannie Graham	Circulation Supervisor
Pattie Hannemann	Director, Purchasing and Contracting
Charlie Harless	Warehouse Operations Manager
Barbara Holt	Accounts Payable Supervisor
Carey Kidd	Senior Secretary
Michelle Korte	Accountant
Terrie Mays	Accounting Technician
Debbie McElroberts	Associate Director of Distributive Services
Doreen Mendes	Accounting Technician
William Ray	Controller
Stephanie Rist	Director, Financial Aid Business Office
Vickie Roeth	Supervisor of Admissions
K.G. Sheley	Accounting Technician
Sandy Smith	Accounting Technician
Robert Sneed	Associate Vice President, Business and Administration
John Strict	Associate Director of Centralized Services
Gilbert Tyrrell	Property Manager
Connie Zimmerman	Contracting Supervisor

Name

Title

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

Robert Detweiler	President
Amer El-Ahraf	Executive Vice President
John Hillyard	Associate Vice President, Business and Finance
Gina Korthe	Financial Aid Accounting Supervisor
Robert Kratochvil	Director, Financial Management
Phoebe Kwan	Director, Computer Services
Margaret Love-Nicholson	Property Officer
Limena Manu	Senior Accounts Clerk
Susan Martin	Accounting Technician
Virginia Mc Carron	Student Aid Accounting Manager
Karen Mc Cloud	Payroll Services Clerical Assistant
Segin Park	Accounting Services Manager
Angelica Perez	Supervisor, Cashier's Office
Kathleen Ramirez	Manager, Payroll & Cashier Services
Estela Roxax	Senior Accounts Clerk
Ruth Stipp	General Accounting Manager
Deborah Sweetser	Accounting Technician
Michelle Thompson	Accounts Payable Supervisor
Kay Vogel	Purchasing Buyer
Emmit Williams	Director, Procurement, Contracts & Support Services

CALIFORNIA STATE UNIVERSITY, HAYWARD

John Abbey	Accounting Manager
Nancy Ammerman	Accounting Technician
Madeleine Apple	Accounting Technician
Lee Bateman	Associate Vice President for Administration
Jackie Becknell	Supervising Account Clerk
Yvonne Brandenburg	Supervising Account Clerk
Frank Correia	Director, Network Operations
Agnes Cruz	Accounting Technician
Diane Dolan	Head Cashier
Kris Erway	Budget Officer
Carol Fay	Cash Control Supervisor
Francis Griswell	Clerical Assistant
Bonnie Guiomar	Payroll Officer
Scott Hegarty	Library Assistant
Mary Hootman	Accountant
Joanne Hill	Benefits Officer
Alice Hucko	Supervisor, Accounts Payable
Rose Lee	Pharmacist

<u>Name</u>	<u>Title</u>
Robert Lera	Director, Information and Computing Services
Geri Masculine	Interim Accounting Officer
Socorro Medrano	Accounting Technician
Richard Metz	Vice President for Administration
Kent McKinney	Software Engineer and Network Supervisor
Paula Mitchell	Supervisor, Library Circulation
Leone Nidiffer	Assistant Vice President, Information Resources and Analysis
Kathy Pitta	Property Clerk
Robert Pitta	Administrative Services Officer, Public Safety
Marilyn Reinhardt	Copier System Coordinator
Eloise Thomas	Accounting Technician
Eric Thompson	Procurement and Support Services Officer
Karen Turnbull	Clerical Assistant, Student Health Services
Clinton Walker	Accountant

CALIFORNIA STATE UNIVERSITY, LONG BEACH

Celia Afan	Supervisor, General Accounting
Frank Alarcon	Manager, Shipping and Receiving
Robert Escalante	Property Manager
Joanne DePew	Administrative Operations Analyst, Student Health Services
Dolores Daoud	Supervisor, Student Accounts Receivable
Kathleen DiVito	Financial Assistant
Flora Farzad	Assistant University Controller
William Griffith	Vice President, Administration and Finance
Sandi Gunderson	Director, Payroll Services
Dale Guerrero	Supervisor, Circulation, University Library
Tuey Gjestland	Administrative Services Officer, Financial Management
Betty Harris	Supervisor, Self-Supporting Operations
Penny Houston	Supervisor, Support Staff
Charlie Hughes	Director, Procurement&Support Services
Barbara Iriarte	Technician, General Accounting
Roman Kochan	Director, University Library and Learning Services
Joseph Latter	Associate Vice President, Financial Management
Robyn Mack	Director of Budget and Human Resources Management
Marjorie Mashburn	Supervising Cashier
Jennyfer Nguyen	Supervisor, Accounts Payable
Rellen Owen	Administrative Services Manager, Extension Services
Jack Pierson	Director, Public Safety
Ray Soliman	University Controller
Linda Sumpter	Manager, Administrative Services, University Library
Richard Timboe	Assistant Vice President, Information Technology Services
Juliana Wong	Accountant, Federal Trusts
Mike Woods	Detective, Public Safety

Name

Title

CALIFORNIA STATE UNIVERSITY, LOS ANGELES

Jackie Avery	Executive Director Financial Management & Services
Cynthia Burks	General Accounting Supervisor
Lucy Burgess	Data Control Supervisor
Mark Canevari	Internal Auditor
Linda Chow	Accounts Payable Supervisor
Lillian Colores	Director, Procurement, Contracts & Support Services
Mike Cross	Director, Financial Services
Joanne Disney	Accounts Receivable Technician
Doug Echaiz	Manager, Computing Services
Annie Ekshian	Research Technician
Sharron Erdhaus	Administrator, Student Health Center
Ellie Green	Accounting Technician
Silvia Gonzalez	Manager, Human Resources
Paul Happach	Property Clerk
Ann Harris	Supervisor, Accounts Receivable
Patricia Higuchi	Assistant Director, Financial Services
Thomas Huber	Manager, Data Base Administration and Technology Development
Tito Ibarrola	Manager, Cash and Assets
Elizabeth Kent	Revolving Fund Supervisor
Jeanne Licausi	Manager, Human Resources
Jessie Lum	Manager, Business Systems
Alene Miyahara	Office Manager
Joseph Mitchell	Manager, Support Services
Connie Mungarro	Supervisor, Admissions and Outreach Services
Carol Ohara	Communication & Records Supervisor
Diane Paramo	Operations Supervisor, Cashiers' Office
Peter Quan	Associate Vice President, Information Resources Management
Lorraine Rodriguez	Purchasing Agent
Lorre Stubbs	Manager, Budget & Fiscal Management
Paula Tran	Accounting Technician
Joanne Tsuyuki	Financial Services Officer, Library Administration

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

Blenda J. Wilson	President
Arthur Albert	Vice President, Administration and Finance
Clarence Askew	Manager, Asset Services
Jacque Boutin	Manager of Employment
Terry Castro-Oistad	Manager, Payroll Services
Joseph Dabbour	Circulations Librarian
Dudley D'Apremont	Supervisor, Receiving

<u>Name</u>	<u>Title</u>
Karen Hoefel	Director, Finance and Logistical Services
Carolyn Holmes	Payroll Supervisor
Nicetas Huff	Assistant Accounting Services Manager
Diane Jensen	Manager, Cash Management
Steve Johnston	Sergeant, Public Safety
Eleanor Jones	Manager, Business Systems, Administration and Finance Divisions
Jan Loritz	Assistant Director, Student Health Center
Paula Lumowa	Supervisor, Student Accounts Receivable
Angela McHugh	Supervisor, Accounts Receivable
Steve Montgomery	Director, Human Resources
Jan Olson	Investment Analyst
Beverly Palmberg	Manager, Administrative Programming, Information and Technology Resources
Chea Perry	Supervisor, Cash Management
Judy Reyes	Accounts Payable Manager
Mary Sosa	Manager, Purchasing and Contracts
Fred Strache	Director, Student Health Center
Linda Troutman	Manager, Accounting Services
Clark Wong	Director, Finance and Personnel, University Library

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

Anthony Evans	President
Teri Allen	Payroll Officer
Dayrl Anderson	Director of Accounting
Dan Ashley	Director Administrative Computing and Telecommunication
Dan Ashworth	Accountant II
Suzanne Bolowich	Assistant Director of Accounting
John Camien	Library Assistant
Sharon Cowely	Clerical Assistant III
David DeMauro	Vice President for Administration and Finance
Mary Jo Dulancy	Accounting Technician, Housing
Shannon Kelley	Accountant I
Juanita Martin-Wellington	Accounting Technician II
Kathy McCarrell	Accountant I
Cecilia McCarron	Health Services Assistant
Grant McMurrin	Property Clerk
Carmen Murilolo-Moyeda	Administrative Operations Analyst I
Janice L. Lemmond	Procurement and Support Services Officer
Barbara Noble	Student Personnel Technician
Melody Neill	Office Supervisor, Human Resources
Kathy Shepard	Purchasing Manager
Sandra Sila	Accountant I
William Takehara	Associate Vice President for Financial Operations, Budgets

Name

Title

Beth Tillitson

Lori Walker

Mary Woody

Buyer

Accounting Technician III

Accounting Clerk

NameTitleCALIFORNIA STATE UNIVERSITY, SAN MARCOS

Bill W. Stacy	President
Barbara Acevedo	Supervisor, Accounts Payable
Tina Bell	Supervisor, Cashiering
James Carr	Warehouse/Property Control & Inventory Clerk
Deborah Coronado	Assistant Director, Human Resources Management
Barbara Dovenbarger	Director, Fiscal Operations
Suzanne Green	Executive Director Finance & Budget
Michael Gray	Accountant
Joel C. Grinolds	Director, Student Health Services
Ken Guerrero	Accountant, Financial Aid Business Operations/Fiscal Operations
Linda Hawkins	Director, Procurement Services
Mary Kollmeyer	Office Manager, Student Health Services
Linda Leiter	Assistant to the Executive Vice President
Peggy Lepere	Library Assistant, Public Services
Richard Loucks	General Ledger Accountant
Richard Neu	Supervisor, Materials Management
Norm Nicolson	Director, Computing & Telecommunications
Bob Page	Financial & Administrative Systems Analyst
Cathleen Rank	Budget Analyst
Marion Reid	Dean, Library Services
Judith Taylor	Director, Human Resources Management
Paul Tiglao	Trust Accountant
Wayne Veres	Staff Systems Analyst
Ernest E. Zomalt	Executive Vice President

CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

Harvey Blatter	Staff Accountant
Laurie Borrello	Assistant Director Fiscal Services-Data Processing
Ken Burton	Director ITS-Computing Services
Carol Clifford	Assistant Director Fiscal Services-Payroll
Scott Cooke	Assistant Director Fiscal Services-Financial Reporting
Robert Dignan	Director of Fiscal Services
Ruth Hale	Assistant Director Fiscal Services-Accounting Systems
Vivian Herriman	Associate Director of Admissions
Carol Johnston	Accounts Payable Manager
Betty Kroeze	Head of Health Services Support Services
Frank Lebens	Vice President for Administration & Finance
Dario Luis	Extended Education Accountant
Ray Macias	Director Support Services
Donna Massicotte	Payroll Technician
Joan Regulski	Accounting Technician
Nancy Reynolds	Assistant Director Fiscal Services-Accounts Management
Stan Rosenfield	Assistant Director Fiscal Services-Payment Management
Patricia Stoneman	Director Extended Education
Fred Strasser	Supervising Property Clerk
John Sullivan	Accounting Technician
Lee Whitmer	Supervising Cashier

STATEMENT OF INTERNAL CONTROLS

A. INTRODUCTION

Internal accounting and related operational controls established by the State of California, the CSU Board of Trustees, and the Office of the Chancellor are evaluated by the University Auditor, in compliance with professional standards for the conduct of internal audits, to determine if an adequate system of internal control exists and is effective for the purposes intended. Any deficiencies observed are brought to the attention of appropriate management for corrective action.

B. INTERNAL CONTROL DEFINITION

Internal control, in the broad sense, includes controls which may be characterized as either accounting or operational as follows:

1. Internal Accounting Controls

Internal accounting controls comprise the plan of organization and all methods and procedures that are concerned mainly with, and relate directly to, the safeguarding of assets and the reliability of financial records. They generally include such controls as the systems of authorization and approval, separation of duties concerned with record keeping and accounting reports from those concerned with operations or asset custody, physical controls over assets, and personnel of a quality commensurate with responsibilities.

2. Operational Controls

Operational controls comprise the plan of organization and all methods and procedures that are concerned mainly with operational efficiency and adherence to managerial policies and usually relate only indirectly to the financial records.

C. INTERNAL CONTROL OBJECTIVES

The objective of internal accounting and related operational control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting and operational control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgment by management.

D. INTERNAL CONTROL SYSTEMS LIMITATIONS

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting and related operational control. In the performance of most control procedures, errors can result from misunderstanding of instruction, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect to the executing and recording of transactions. Moreover, projection of any evaluation of internal accounting and operational control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate. It is with these understandings that internal audit reports are presented to management for review and use.